

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**

**AUDIT REPORT**

**JUNE 30, 2009**

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

School Board  
Grant-Deuel School District No. 25-3  
Grant County, South Dakota

I have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Grant-Deuel School District No. 25-3, Grant County, South Dakota, as of and for each of the years in the biennial period ended June 30, 2009, which collectively comprise Grant-Deuel School District's basic financial statements, and have issued my report thereon dated March 26, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control over Financial Reporting

In planning and performing my audit, I considered Grant-Deuel School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Districts internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal

course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School District's financial statements that is more than inconsequential will not be prevented or detected by the School District's internal control. I consider the deficiency described in the accompanying schedule of current audit findings to be a significant deficiency in internal control over financial reporting. This is numbered 2009-01.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School District's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that the significant deficiency described above is a material weakness. See finding number 2009-01.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Grant-Deuel School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance or other matters that is required to be reported under Government Auditing Standards.

Grant-Deuel School District's response to the findings identified in my audit is described in the accompanying Schedule of Current Audit Findings. I did not audit the School District's response and, accordingly, I express no opinion on it.

This report is intended for the information and use of the South Dakota Legislature, the governing board and management of Grant-Deuel School District No. 25-3 and is not intended to be and should not be used by anyone other than these specified parties. However, as required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "David J. Larson". The signature is written in a cursive style with a long horizontal stroke at the beginning.

March 26, 2010

# Gary L. Larson, CPA

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## INDEPENDENT AUDITOR'S REPORT

School Board  
Grant-Deuel School District No. 25-3  
Grant County, South Dakota

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Grant-Deuel School District No. 25-3, Grant County, South Dakota, as of and for each of the years in the biennial period ended June 30, 2009, which collectively comprise the School District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of Grant-Deuel School District's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, I do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

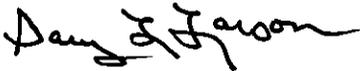
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Grant-Deuel School District No. 25-3 as of June 30, 2009, and the respective changes in financial position

and cash flows, where applicable, thereof for each of the years in the biennial period then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated March 26, 2010 on my consideration of Grant-Deuel School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

The budgetary comparison information on pages 65 through 98 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

The Grant-Deuel School District No. 25-3 has not presented the Management's Discussion and Analysis (MD&A) that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.



March 26, 2010

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Cash and cash equivalents	\$730,005	\$9,837	\$739,842
Taxes receivable	528,939	0	528,939
Other receivables	124,939	4,186	129,125
Inventories	0	4,458	4,458
<b>Capital Assets:</b>			
Land	10,600	0	10,600
Other capital assets, net of depreciation	695,169	10,636	705,805
<b>TOTAL ASSETS</b>	<b>\$2,089,652</b>	<b>\$29,117</b>	<b>\$2,118,769</b>
<b>LIABILITIES:</b>			
Accounts payable	\$3,728	\$157	\$3,885
Other current liabilities	110,643	5,172	115,815
Deferred revenue	524,961	0	524,961
<b>Noncurrent Liabilities:</b>			
Due within one year	29,214	0	29,214
<b>TOTAL LIABILITIES</b>	<b>668,546</b>	<b>5,329</b>	<b>673,875</b>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	676,555	10,636	687,191
<b>Restricted For:</b>			
Capital Outlay	316,418	0	316,418
Special education	94,637	0	94,637
Pension	113	0	113
Food Service	0	13,152	13,152
Unrestricted	333,383	0	333,383
<b>TOTAL NET ASSETS</b>	<b>1,421,106</b>	<b>23,788</b>	<b>1,444,894</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$2,089,652</b>	<b>\$29,117</b>	<b>\$2,118,769</b>

The accompanying notes to financial statements are an integral part of this statement.

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>PROGRAM REVENUES</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
<b>Governmental Activities:</b>			
Instruction	\$833,496	\$143,667	\$307,938
Support services	826,843	23,574	0
Interest on long-term debt*	4,608	0	0
Cocurricular activities	78,844	14,426	0
<b>Total Governmental Activities</b>	<u>1,743,791</u>	<u>181,667</u>	<u>307,938</u>
<b>Business-type Activities:</b>			
Food service	112,600	45,029	48,714
<b>TOTAL</b>	<u><u>\$1,856,391</u></u>	<u><u>\$226,696</u></u>	<u><u>\$356,652</u></u>

**GENERAL REVENUES:**

Real estate taxes

Gross receipt taxes

State aid

Unrestricted investment earnings

Other general revenues

**TRANSFERS**

Total general revenues and transfers

Change in net assets

Net Assets-beginning

**NET ASSETS-ending**

- \* The District does not have interest expense related to the functions presented above. This amount represents indirect interest expense on general long-term debt.

The accompanying notes to financial statements are an integral part of this statement.

NET (EXPENSE) REVENUE AND  
CHANGES IN NET ASSETS

Governmental Activities	Business-type Activities	Total
(\$381,891)	\$0	(\$381,891)
(803,269)	0	(803,269)
(4,608)	0	(4,608)
(64,418)	0	(64,418)
(1,254,186)	0	(1,254,186)
0	(18,857)	(18,857)
(\$1,254,186)	(\$18,857)	(\$1,273,043)
1,042,812	0	1,042,812
49,967	0	49,967
543,771	0	543,771
2,118	11	2,129
45,775	0	45,775
(22,700)	22,700	0
1,661,743	22,711	1,684,454
407,557	3,854	411,411
1,013,549	19,934	1,033,483
\$1,421,106	\$23,788	\$1,444,894

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2008**

Functions/Programs	Expenses	PROGRAM REVENUES	
		Charges for Services	Operating Grants and Contributions
Governmental Activities:			
Instruction	\$822,014	\$132,873	\$144,425
Support services	864,171	0	0
Interest on long-term debt*	13,847	0	0
Cocurricular activities	88,171	16,211	0
Total Governmental Activities	1,788,203	149,084	144,425
Business-type Activities:			
Food service	116,208	54,142	53,928
<b>TOTAL</b>	<b>\$1,904,411</b>	<b>\$203,226</b>	<b>\$198,353</b>

**GENERAL REVENUES:**

Real estate taxes

Gross receipt taxes

State aid

Unrestricted investment earnings

Other general revenues

**TRANSFERS**

Total general revenues and transfers

Change in net assets

Net Assets-beginning

**NET ASSETS-ending**

- \* The District does not have interest expense related to the functions presented above. This amount represents indirect interest expense on general long-term debt.

The accompanying notes to financial statements are an integral part of this statement.

NET (EXPENSE) REVENUE AND  
CHANGES IN NET ASSETS

Governmental Activities	Business-type Activities	Total
(\$544,716)	\$0	(\$544,716)
(864,171)	0	(864,171)
(13,847)	0	(13,847)
(71,960)	0	(71,960)
(1,494,694)	0	(1,494,694)
0	(8,138)	(8,138)
(\$1,494,694)	(\$8,138)	(\$1,502,832)
927,318	0	927,318
47,972	0	47,972
657,512	0	657,512
3,710	21	3,731
45,426	0	45,426
(7,000)	7,000	0
1,674,938	7,021	1,681,959
180,244	(1,117)	179,127
833,305	21,051	854,356
\$1,013,549	\$19,934	\$1,033,483

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2009**

	General Fund	Capital Outlay Fund	Special Education Fund
<b>ASSETS:</b>			
Cash and cash equivalents	\$342,277	\$315,292	\$72,436
Taxes receivable-current	261,152	168,391	78,580
Taxes receivable-delinquent	2,357	1,126	382
Due from other governments	93,713	0	31,226
<b>TOTAL ASSETS</b>	<b>\$699,499</b>	<b>\$484,809</b>	<b>\$182,624</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Accounts payable	\$3,698	\$0	\$30
Contracts payable	85,023	0	7,480
Payroll deductions and withholding and employer matching payable	16,243	0	1,897
Deferred revenue	263,509	169,517	78,962
<b>TOTAL LIABILITIES</b>	<b>368,473</b>	<b>169,517</b>	<b>88,369</b>
<b>Fund Balances</b>			
<b>Unreserved:</b>			
Designated for FY 10 budget	0	0	34,800
Undesignated	331,026	315,292	59,455
<b>TOTAL FUND BALANCES</b>	<b>331,026</b>	<b>315,292</b>	<b>94,255</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$699,499</b>	<b>\$484,809</b>	<b>\$182,624</b>

The accompanying notes to financial statements are an integral part of this statement

Pension Fund	Total Governmental Funds
\$0	\$730,005
16,838	524,961
113	3,978
0	124,939
<u>\$16,951</u>	<u>\$1,383,883</u>

\$0	\$3,728
0	92,503
0	18,140
16,951	528,939
<u>16,951</u>	<u>643,310</u>

0	34,800
0	705,773
0	740,573
<u>\$16,951</u>	<u>\$1,383,883</u>

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT**  
**OF NET ASSETS**  
**JUNE 30, 2009**

Total Fund Balances-Government Funds	\$740,573
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	705,769
Tax revenue is not recorded in the funds statement until it is "available" to be spent on current obligations, but all taxes related to revenue intended to finance the current year are recorded as revenue in the government-wide financial statements.	3,978
Long-term liabilities, including an installment loan, are not due and payable in the current period and therefore are not reported in the funds.	<u>(29,214)</u>
Net Assets-Governmental Funds	<u><u>\$1,421,106</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	General Fund	Capital Outlay Fund	Special Education Fund
Revenues:			
Revenues from Local Sources:			
Taxes:			
Ad valorem taxes	\$513,417	\$332,440	\$150,387
Prior year's ad valorem taxes	3,523	2,049	5,482
Gross receipts taxes	49,967	0	0
Penalties and interest	1,716	831	526
Tuition and Fees:			
Regular day school tuition	99,034	0	42,638
Summer school fees	1,995	0	0
Earnings on deposits:			
Interest earned	2,118	0	0
Cocurricular activities:			
Admissions	13,973	0	0
Other	453	0	0
Other revenues from local sources:			
Medicaid fees	18,001	0	5,573
Other	27,805	22	3,180
Revenues from Intermediate Sources:			
County Sources:			
County apportionment	14,766	0	0
Revenues from State Sources:			
Grants-in-aid:			
Unrestricted grants-in-aid	543,771	0	0
Restricted grants-in-aid	5,084	0	121,889
Revenues from Federal Sources:			
Grants-in-aid:			
Restricted grants-in-aid received from federal government through state	135,382	0	45,583
<b>Total Revenue</b>	<b>\$1,431,005</b>	<b>\$335,342</b>	<b>\$375,258</b>

The accompanying notes to financial statements are an integral part of this statement.

Pension Fund	Total Governmental Funds
\$33,455	\$1,029,699
204	11,258
0	49,967
84	3,157
0	141,672
0	1,995
0	2,118
0	13,973
0	453
0	23,574
2	31,009
0	14,766
0	543,771
0	126,973
0	180,965
<u>\$33,745</u>	<u>\$2,175,350</u>

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	General Fund	Capital Outlay Fund	Special Education Fund
Expenditures:			
Instruction:			
Regular Programs:			
Elementary	\$302,545	\$28,465	\$0
High school	214,726	54,485	0
Other	48,654	0	0
Special Programs:			
Programs for special education	0	0	91,521
Educationally deprived	33,482	0	0
Support Services:			
Pupils-			
Guidance	41,034	0	752
Health	391	0	0
Psychological	0	0	14,297
Speech pathology	0	0	32,186
Student therapy	0	0	24,079
Instructional staff-			
Improvement of instruction	5,275	0	0
Educational media	59,360	4,668	0
General administration-			
Board of education	18,049	0	0
Executive administration	117,868	0	0
School administration-			
Office of principal	577	0	0
Business-			
Fiscal services	53,639	3,713	0
Operation and maintenance of plant	184,427	26,840	0
Pupil transportation	135,810	23,632	0
Special Education:			
Administration	0	0	121,556

The accompanying notes to financial statements are an integral part of this statement.

Pension Fund	Total Governmental Funds
\$21,368	\$352,378
10,000	279,211
2,000	50,654
0	91,521
0	33,482
377	42,163
0	391
0	14,297
0	32,186
0	24,079
0	5,275
0	64,028
0	18,049
0	117,868
0	577
0	57,352
0	211,267
0	159,442
0	121,556

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	General Fund	Capital Outlay Fund	Special Education Fund
Debt Service	\$0	\$33,000	\$0
Cocurricular activities:			
Male activities	18,519	2,525	0
Female activities	16,385	0	0
Combined activities	23,338	15,842	0
Total Expenditures	<u>1,274,079</u>	<u>193,170</u>	<u>284,391</u>
Excess of Revenues over(under) Expenditures	156,926	142,172	90,867
Other Financing Sources (Uses):			
Transfers-out	<u>(22,700)</u>	<u>0</u>	<u>0</u>
Net change in fund balances	134,226	142,172	90,867
FUND BALANCE, JULY 1, 2008	<u>196,800</u>	<u>173,120</u>	<u>3,388</u>
FUND BALANCE, JUNE 30, 2009	<u><u>\$331,026</u></u>	<u><u>\$315,292</u></u>	<u><u>\$94,255</u></u>

The accompanying notes to financial statements are an integral part of this statement.

Pension Fund	Total Governmental Funds
\$0	\$33,000
0	21,044
0	16,385
0	39,180
<u>33,745</u>	<u>1,785,385</u>
0	389,965
<u>0</u>	<u>(22,700)</u>
0	367,265
<u>0</u>	<u>373,308</u>
<u>\$0</u>	<u>\$740,573</u>

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

Net Changes in Fund Balances-Total Governmental Funds \$367,265

Amounts reported for governmental activities in the statement of activities are different because:

Tax revenue is not recorded in the funds statement until it is "available" to be spent on current obligations, but all taxes related to revenue intended to finance the current year are recorded as revenue in the government-wide financial statements. (1,302)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 13,202

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 28,392

Change in Net Assets of Governmental Activities \$407,557

The accompanying notes to financials statements are an integral part of this statement.

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	General Fund	Capital Outlay Fund	Special Education Fund
Revenues:			
Revenues from Local Sources:			
Taxes:			
Ad valorem taxes	\$451,716	\$297,614	\$138,890
Prior year's ad valorem taxes	4,268	2,632	1,228
Gross receipts taxes	47,972	0	0
Penalties and interest	1,601	1,065	497
Tuition and Fees:			
Regular day school tuition	103,772	0	24,199
Summer school fees	4,902	0	0
Earnings on deposits:			
Interest earned	3,710	0	0
Cocurricular activities:			
Admissions	16,211	0	0
Other revenues from local sources:			
Other	28,652	0	1,589
Revenues from Intermediate Sources:			
County Sources:			
County apportionment	14,720	0	0
Other	343	78	36
Revenues from State Sources:			
Grants-in-aid:			
Unrestricted grants-in-aid	657,512	0	0
Restricted grants-in-aid	0	0	31,757
Revenues from Federal Sources:			
Grants-in-aid:			
Restricted grants-in-aid received from federal government through state	57,483	0	55,185
Total Revenue	<u>\$1,392,862</u>	<u>\$301,389</u>	<u>\$253,381</u>

The accompanying notes to financial statements are an integral part of this statement.

Pension Fund	Total Governmental Funds
\$29,154	\$917,374
263	8,391
0	47,972
105	3,268
0	127,971
0	4,902
0	3,710
0	16,211
8	30,249
0	14,720
0	457
0	657,512
0	31,757
0	112,668
<u>\$29,530</u>	<u>\$1,977,162</u>

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	General Fund	Capital Outlay Fund	Special Education Fund
Expenditures:			
Instruction:			
Regular Programs:			
Elementary	\$306,985	\$11,845	\$0
High school	238,106	29,471	0
Other	38,830	0	0
Special Programs:			
Programs for special education	0	0	113,687
Educationally deprived	31,246	0	0
Support Services:			
Pupils-			
Guidance	41,483	0	931
Health	520	0	0
Psychological	0	0	14,966
Speech pathology	0	0	33,208
Student therapy	0	0	15,253
Instructional staff-			
Improvement of instruction	12,268	0	0
Educational media	14,627	3,400	0
General administration-			
Board of education	30,462	0	0
Executive administration	113,403	0	0
School administration-			
Office of principal	6,304	0	0
Business-			
Fiscal services	46,566	5,404	0
Operation and maintenance of plant	210,963	43,609	0
Pupil transportation	138,569	23,904	0
Special Education:			
Administration	0	0	146,414

The accompanying notes to financial statements are an integral part of this statement.

Pension Fund	Total Governmental Funds
\$15,535	\$334,365
11,595	279,172
2,000	40,830
0	113,687
0	31,246
400	42,814
0	520
0	14,966
0	33,208
0	15,253
0	12,268
0	18,027
0	30,462
0	113,403
0	6,304
0	51,970
0	254,572
0	162,473
0	146,414

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	General Fund	Capital Outlay Fund	Special Education Fund
Debt Service	\$0	\$40,135	\$0
Cocurricular activities:			
Male activities	20,583	1,002	0
Female activities	16,785	0	0
Combined activities	32,850	15,018	0
Total Expenditures	<u>1,300,550</u>	<u>173,788</u>	<u>324,459</u>
Excess of Revenues over(under) Expenditures	92,312	127,601	(71,078)
Other Financing Sources (Uses):			
Transfers-in	0	0	4,000
Transfers-out	<u>(11,000)</u>	<u>0</u>	<u>0</u>
Net change in fund balances	81,312	127,601	(67,078)
FUND BALANCE, JULY 1, 2007	<u>115,488</u>	<u>45,519</u>	<u>70,466</u>
FUND BALANCE, JUNE 30, 2008	<u><u>\$196,800</u></u>	<u><u>\$173,120</u></u>	<u><u>\$3,388</u></u>

The accompanying notes to financial statements are an integral part of this statement.

Pension Fund	Total Governmental Funds
\$0	\$40,135
0	21,585
0	16,785
0	47,868
<u>29,530</u>	<u>1,828,327</u>
0	148,835
0	4,000
<u>0</u>	<u>(11,000)</u>
0	141,835
<u>0</u>	<u>231,473</u>
<u>\$0</u>	<u>\$373,308</u>

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2008**

Net Changes in Fund Balances-Total Governmental Funds	\$141,835
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Amounts reported for governmental activities in the statement of activities are different because:

Tax revenue is not recorded in the funds statement until it is "available" to be spent on current obligations, but all taxes related to revenue intended to finance the current year are recorded as revenue in the government-wide financial statements.	(1,715)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	13,836
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	<u>26,288</u>
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Change in Net Assets of Governmental Activities	<u><u>\$180,244</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**BALANCE SHEET-PROPRIETARY FUND**  
**JUNE 30, 2009**

	ENTERPRISE Fund
	Food Service Fund
<b>ASSETS:</b>	
Current Assets:	
Cash and cash equivalents	\$9,837
Accounts receivable	4,186
Inventory of supplies	1,017
Inventory of stores for resale	3,012
Inventory of donated food	429
Total Current Assets	18,481
Noncurrent Assets:	
Capital Assets:	
Machinery and equipment	33,847
Accumulated depreciation	(23,211)
Total Noncurrent Assets	10,636
<b>TOTAL ASSETS</b>	<b>\$29,117</b>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	\$157
Contracts payable	4,381
Payroll deductions payable	791
Total Liabilities	5,329
NET ASSETS:	
Invested in capital assets	10,636
Unrestricted net assets	13,152
Total Net Assets	23,788
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$29,117</b>

The accompanying notes to financial statements are an integral part of this statement.

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>ENTERPRISE FUND</u>
	Food Service Fund
Operating Revenue:	
Sales:	
To pupils	\$37,859
To adults	7,170
Total Operating Revenue	45,029
Operating Expenses:	
Salaries	45,018
Employee benefits	10,876
Purchased services	7,061
Supplies	6,350
Cost of sales-purchased food	33,899
Cost of sales-donated food	6,792
Depreciation	2,604
Total Operating Expenses	112,600
Operating Income (Loss)	(67,571)
Nonoperating Revenue (Expense):	
Local Sources:	
Investment earnings	11
State Sources:	
Cash reimbursements	411
Federal Sources:	
Cash reimbursements	41,985
Donated food	6,318
Total Nonoperating Revenue (Expense)	48,725
Income (Loss) before Transfers	(18,846)
Transfer-in	22,700
Change in Net Assets	3,854
Net Assets-beginning	19,934
NET ASSETS-ending	\$23,788

The accompanying notes to financial statements are an integral part of this statement.

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>ENTERPRISE FUNDS</u>
	Food Service Fund
Cash Flows from Operating Activities:	
Receipts from customers	\$45,226
Payments to suppliers	(47,356)
Payments to employees	(56,073)
Net Cash Provided (Used) by Operating Activities	(58,203)
Cash Flows from Noncapital Financing Activities:	
Operating subsidiaries	42,396
Transfers-in	22,700
Cash Flows from Investing Activities:	
Interest earnings	11
Net Increase in Cash and Cash Equivalents	\$6,904
Cash and Cash Equivalents at Beginning of Year	2,933
Cash and Cash Equivalents at End of Year	9,837
Net Increase in Cash and Cash Equivalents	\$6,904

The accompanying notes to financial statements are an integral part of this statement.

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Food Service Fund</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Operating Income (Loss)	(\$67,571)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation expense	2,604
Commodities used	6,792
Changes in Assets and Liabilities:	
Receivables	197
Inventories	(66)
Payables	<u>(159)</u>
 Net Cash Provided (Used) by Operating Activities	 <u><u>(\$58,203)</u></u>
Noncash Investing, Capital and Financing Activities:	
Value of commodities received	<u><u>\$6,318</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>ENTERPRISE FUND</u>
	Food Service Fund
Operating Revenue:	
Sales:	
To pupils	\$48,321
To adults	5,821
Total Operating Revenue	54,142
Operating Expenses:	
Salaries	45,270
Employee benefits	11,453
Purchased services	8,167
Supplies	5,396
Cost of sales-purchased food	36,280
Cost of sales-donated food	7,038
Depreciation	2,604
Total Operating Expenses	116,208
Operating Income (Loss)	(62,066)
Nonoperating Revenue (Expense):	
Local Sources:	
Investment earnings	21
State Sources	
Cash reimbursements	533
Federal Sources:	
Cash reimbursements	46,325
Donated food	7,070
Total Nonoperating Revenue (Expense)	53,949
Income (Loss) before transfers	(8,117)
Transfers - in	7,000
Change in Net Assets	(1,117)
Net Assets-beginning	21,051
NET ASSETS-ending	\$19,934

The accompanying notes to financial statements are an integral part of this statement.

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>ENTERPRISE FUNDS</u>
	Food Service Fund
Cash Flows from Operating Activities:	
Receipts from customers	\$54,741
Payments to suppliers	(49,638)
Payments to employees	(57,163)
Net Cash Provided (Used) by Operating Activities	(52,060)
Cash Flows from Noncapital Financing Activities:	
Operating subsidiaries	46,858
Loan from General Fund repaid	(2,800)
Transfer - in	7,000
Cash Flows from Investing Activities:	
Interest earnings	21
Net (Decrease) in Cash and Cash Equivalents	(\$981)
Cash and Cash Equivalents at Beginning of Year	3,914
Cash and Cash Equivalents at End of Year	2,933
Net (Decrease) in Cash and Cash Equivalents	(\$981)

The accompanying notes to financial statements are an integral part of this statement.

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Food Service Fund</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Operating Income (Loss)	(\$62,066)
 <b>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:</b>	
Depreciation expense	2,604
Commodities used	7,038
 <b>Changes in Assets and Liabilities:</b>	
Receivables	599
Inventories	139
Payables	<u>(374)</u>
 Net Cash Provided (Used) by Operating Activities	 <u><u>(\$52,060)</u></u>
 <b>Noncash Investing, Capital and Financing Activities:</b>	
Value of commodities received	 <u><u>\$7,070</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS**  
**JUNE 30, 2009**

	Private-purpose Trust Funds	Agency Funds
<b>ASSETS:</b>		
Cash and cash equivalents	\$4,774	\$39,673
<b>Total Assets</b>	<b>\$4,774</b>	<b>\$39,673</b>
 <b>LIABILITIES:</b>		
Amounts held for others	\$0	\$39,673
 <b>NET ASSETS:</b>		
Held in trust for scholarships	4,774	0
<b>Total Liabilities and Net Assets</b>	<b>\$4,774</b>	<b>\$39,673</b>

The accompanying notes to financial statements are an integral part of this statement.

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS**  
**FOR YEAR ENDED JUNE 30, 2009**

	Private-purpose Trust Funds
ADDITIONS:	
Contributions	\$58
Total Additions	58
DEDUCTIONS:	
Scholarships awarded	700
Change in Net Assets	(642)
Net Assets-beginning	5,416
NET ASSETS-ending	\$4,774

The accompanying notes to financial statements are an integral part of this statement.

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS**  
**FOR YEAR ENDED JUNE 30, 2008**

	<u>Private-purpose Trust Funds</u>
ADDITIONS:	
Contributions	<u>219</u>
Total Additions	<u>219</u>
DEDUCTIONS:	
Trust deductions for scholarships	<u>0</u>
Total Deductions	<u>0</u>
Change in Net Assets	219
Net Assets-beginning	<u>5,197</u>
NET ASSETS-ending	<u><u>\$5,416</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the school district conform to generally accepted accounting principles applicable to government entities in the United States of America.

a. Financial Reporting Entity:

The reporting entity of Grant-Deuel School District No. 25-3, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

The school district participates in two cooperative service units with several other school districts. See detailed note entitled "Joint Ventures" for specific disclosures. Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit, but are discussed in these notes because of the nature of their relationship with the district.

b. Basis of Presentation, Basis of Accounting:

**Basis of Presentation:**

*Government-wide Statements:* The Statement of Net Assets and the Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity, except for fiduciary funds. These statements distinguish between *governmental and business-type activities*.

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Assets reports all financial and capital resources, in a net assets form (assets minus liabilities equal net assets). Net assets are displayed in three components, as applicable, invested in capital assets net of related debt, restricted (distinguishing between major categories of restrictions), and unrestricted.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

The funds of the financial reporting entity are described below within their respective fund types:

**Governmental Funds:**

**General Fund** - A fund established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the school district, excluding capital outlay fund and special education fund expenditures. The General Fund is always a major fund.

**Special Revenue Fund Types** - special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Capital Outlay Fund** - A fund established by SDCL 13-16-6 to meet expenditures which result in the lease of, acquisition of or additions to real property, plant or

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

equipment, textbooks and instructional software. The fund is financed by property taxes. This is a major fund.

Special Education Fund - A fund established by SDCL 13-37-16 to pay the costs for the special education of all children in need of special assistance and prolonged assistance who reside within the district. This fund is financed by grants and property taxes. This is a major fund.

Pension Fund - a fund established by SDCL 13-10-6 to account for financial resources to be used for the payment of early retirement contracts or the District's share of retirement plan contributions. This fund is financed by property taxes. This is a major fund.

**Proprietary Funds:**

Enterprise Funds - enterprise funds are used to accounted for operations that (a) are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Food Service Fund - A fund used to record financial transactions related to food service operations. This fund is financed by user charges and grants. This is a major fund.

The proprietary funds do not apply any FASB Statements and Interpretations issued after November 30, 1989.

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Fiduciary Funds:**

Fiduciary funds are never considered to be major funds.

Private-purpose Trust Funds - Private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

The school district maintains only the following private-purpose trust funds:

Scholarship trusts (two separate trusts established by donors to provide for college scholarships to graduating students).

Agency Funds - Agency funds are used to account for resources held by the School District in a purely custodial capacity (assets equal liabilities). Since agency funds are custodial in nature they do not involve the measurement of results of operations.

The district maintains agency funds to hold assets as an agent:

Class clubs (such as FFA, Seniors, Juniors, student council) and so on

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe 'how' transactions are recorded within the various financial statements. Basis of accounting refers to 'when' revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Measurement Focus:**

Government-wide Financial Statements:

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Fund Financial Statements:

In the fund financial statements, the 'current financial resources' measurement focus and the modified accrual basis of accounting are applied to governmental funds, while the 'economic resources' measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary funds.

**Basis of Accounting:**

Government-wide Financial Statements:

In the government-wide Statement of Net Assets and Statement of Activities, governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets generally are recorded when earned (usually when the right to receive cash vests); and, expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Grant-Deuel School District No. 25-3, the length of that cycle is sixty days. The revenues which are accrued at June 30, 2009 are for tuition.

Expenditures generally are recognized when the related fund liability is incurred. Exceptions to this general rule include principle and interest on general long-term debt which are recognized when due.

All proprietary funds and fiduciary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

The government business-type activities and enterprise funds do not apply any FASB Statements and Interpretations issued after November 30, 1989.

d. Interfund Eliminations and Reclassifications:

*Government-wide Financial Statements:*

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified, as follows:

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances.

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. In order to minimize the doubling-up effect on internal service fund activity, certain "centralized expenses" including an administrative overhead component, are charged as direct expense to funds or programs in order to show all expenses that are associated with a service, program, department or fund. When expenses are charged in this manner, expense reductions occur in the general fund, so that expenses are reported only in the function to which they relate.

*Fund Financial Statements:*

Noncurrent portions of long-term interfund receivables (reported in "Advance to" asset accounts) are equally offset by a fund balance reserve account which indicates that they do not constitute "available spendable resources" since they are not a component of net current assets. Current portions of interfund receivables (reported in "Due from" asset accounts) are considered "available spendable resources."

e. Capital Assets:

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for significantly greater number of years than most capital assets. Infrastructure assets are not capitalized along with other capital assets.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in government-wide or fund financial statements.

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide Statements: All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

Interest costs incurred during construction of general capital assets are not capitalized along with other capital asset costs.

The total June 30, 2009 balance of capital assets for governmental activities includes approximately ten percent for which the costs were determined by estimates of the original costs. The total June 30, 2009 balance of capital assets for business-type activities includes approximately 25% for which cost were determined by estimates of the original cost. These estimated original costs were established by comparison to historical data of similar assets.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with net capital assets reflected in the Statement of Net Assets. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	All	-	-
Buildings	\$25,000	Straight-line	125-30 yrs
Machinery and Equipment:			
General	\$ 5,000	Straight-line	4-20 yrs
Food Service	\$ 300	Straight-line	12 yrs

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Land, an inexhaustible capital asset, is not depreciated.

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the appropriate governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide statements.

f. Long-term Liabilities:

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of an installment loan.

In the fund financial statements, the debt proceeds are reported as revenues (other financing sources) and payment of principle and interest reported as expenditures when they become due. The accounting for proprietary fund long-term is on the accrual basis, the same in the fund statement as it is in the government-wide statements.

All interest expense on long-term debt is reported as a separate line on the "Statement of Activities."

g. Program Revenues:

In the Government-wide Statement of Activities, reported program revenues derive directly from the

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

program itself or from parties other than the District's taxpayers or citizenry, as a whole. Program revenues are classified into three categories, as follows:

1. Charges for services - These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations or individuals that are restricted for the acquisition of capital assets for use in a particular program.

h. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Activities, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

i. Cash and Cash Equivalents:

The school district pools its cash resources for depositing and investing purposes. Accordingly, the enterprise funds have access to their cash resources on demand. Accordingly, all reported enterprise fund

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

deposit and investment balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

j. Equity Classifications:

Government-wide Statements:

Equity is classified as net assets and is displayed in three components:

1. Invested in capital assets, net of related debt - Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets - Consists of net assets with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted: or "invested in capital assets, net of related debt."

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between "Reserved" and "Unreserved" components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity (except for Agency Funds, which have no fund equity) is reported as net assets held in trust for other purposes.

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Application of Net Assets:

It is the School District's policy to first use restricted net assets, prior to the use of unrestricted net assets, when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

2. DEPOSITS AND INVESTMENTS, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK:

The School District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits - The School District's deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15, 13-16-15.1 and 13-16-18.1. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Investments - in General, SDCL 4-5-6 permits school funds to be invested in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

2. DEPOSITS AND INVESTMENTS, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK (continued):

may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

**Custodial Credit Risk - Deposits** - The risk that, in the event of a depository failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of June 30, 2009 the District's had no deposits in financial institutions that were exposed to custodial credit risk.

**Investments**

As of June 30, 2009, the School District had no investments.

**Interest Rate Risk**- The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** - State law limits eligible investments for the School District, as discussed above. The School District has no investment policy that would further limit its investment choices.

**Concentration of Credit Risk** - The School District places no limit on the amount that may be invested in any one issuer.

State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School District's policy is to credit all income from deposits and investments to the General Fund except for the Lunch Fund, which retains its interest earned. USGAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

2. DEPOSITS AND INVESTMENTS, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK (continued):

earnings are reported, while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities. These interfund transfers are not violations of the statutory restrictions on interfund transfers. None such transfers were made during the two years reported here, as they were deemed immaterial.

3. RECEIVABLES AND PAYABLES:

Neither receivables nor payables are aggregated in these financial statements. The District expects all receivables to be collected within one year. No allowances for estimated uncollectibles have been established.

4. INVENTORY:

Inventory is stated at the lower of cost or market. The cost valuation method is first-in, first-out. Donated commodities are valued at estimated market value based on the USDA price list at date of receipt.

In the Government-wide financial statements, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed.

In the fund financial statements, inventories in the General Fund and Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as expenditure at the time individual inventory items are consumed (the consumption method). Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

The Food Service fund reports inventories in the funds statements using the "consumption method" also.

As of June 30, 2009, the only material supplies on hand were for the Food Service Fund.

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

5. DEFERRED REVENUE (continued):

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

6. PROPERTY TAXES:

Property taxes are levied on or before each October 1, attached as an enforceable lien on property as of the following January 1, and are payable in two installments on or before the following April 30 and October 31. The county bills and collects the School District's taxes and remits them to the School District.

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and therefore are not susceptible to accrual has been reported as deferred revenue in both the fund financial statements and the government-wide financial statements. Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period".

7. CHANGES IN CAPITAL ASSETS:

A summary of the changes in capital assets for the year ended June 30, 2009 is as follows:

	<u>Balance</u>		<u>Balance</u>
	<u>7/01/08</u>	<u>Increase</u>	<u>Decrease</u>
		<u>Decrease</u>	<u>06/30/09</u>
Government Activities:			
Capital Assets			
not being			
depreciated			
Land	\$ 10,600	\$ -	\$ 10,600

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

7. CHANGES IN CAPITAL ASSETS (continued)

	<u>Balance</u> <u>7/01/08</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>06/30/09</u>
Capital Assets being depreciated				
Buildings	1,141,990	-	-	1,141,990
Machinery and Equipment	<u>217,809</u>	<u>69,054</u>	<u>-</u>	<u>286,863</u>
Total	<u>1,359,799</u>	<u>69,054</u>	<u>-</u>	<u>1,428,853</u>
Less accumulated Depreciation:				
Buildings	\$ 567,396	\$ 19,080	\$ -	\$ 586,476
Machinery and Equipment	<u>100,436</u>	<u>36,772</u>	<u>-</u>	<u>147,208</u>
Total	<u>677,832</u>	<u>55,852</u>	<u>-</u>	<u>733,684</u>
Total capital assets being depreciated, net:	<u>\$ 681,967</u>	<u>\$ 13,202</u>	<u>\$ -</u>	<u>\$ 695,169</u>
Governmental activity capital assets, net:	<u>\$ 692,567</u>	<u>\$ 13,202</u>	<u>\$ -</u>	<u>\$ 705,769</u>
Business type activities:				
Machinery and Equipment	\$ 33,847	\$ -	\$ -	\$ 33,847
Less accumulated Depreciation	<u>20,607</u>	<u>2,604</u>	<u>-</u>	<u>23,211</u>
Business activities Capital assets, Net	<u>\$ 13,240</u>	<u>\$ (2,604)</u>	<u>\$ -</u>	<u>\$ 10,636</u>

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

7. CHANGES IN CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Governmental Activities:

Instruction	\$ 26,250
Support Services	27,367
Cocurricular Activities	<u>2,235</u>
	<u>\$ 55,852</u>

Business Type Activities:

Food Service	<u>\$ 2,604</u>
--------------	-----------------

A summary of the changes in capital assets for the year ended June 30, 2008 is as follows:

	<u>Balance</u> <u>7/01/07</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>06/30/08</u>
Government Activities:				
Capital Assets not being depreciated				
Land	\$ 10,600	\$ -	\$ -	\$ 10,600
Capital Assets being depreciated				
Buildings	1,141,990	-	-	1,141,990
Machinery and Equipment	<u>155,645</u>	<u>62,164</u>	<u>-</u>	<u>217,809</u>
Total	<u>1,297,635</u>	<u>62,164</u>	<u>-</u>	<u>1,359,799</u>
Less accumulated Depreciation:				
Buildings	548,316	19,080	-	567,396
Machinery and Equipment	<u>81,188</u>	<u>29,248</u>	<u>-</u>	<u>110,436</u>
Total	<u>629,504</u>	<u>48,328</u>	<u>-</u>	<u>677,832</u>

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

7. CHANGES IN CAPITAL ASSETS (continued)

	<u>Balance</u> <u>7/01/07</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>06/30/08</u>
Total capital assets being depreciated, net:	\$ 668,131	\$ 13,836	\$ -	\$ 681,967
Governmental activity capital assets, net:	\$ 678,731	\$ 13,836	\$ -	\$ 692,567
Business type activities:				
Machinery and Equipment	\$ 33,847	\$ -	\$ -	\$ 33,847
Less accumulated Depreciation	<u>(18,003)</u>	<u>2,604</u>	<u>-</u>	<u>(20,607)</u>
Business activities Capital assets, Net	<u>\$ 15,844</u>	<u>\$ (2,604)</u>	<u>\$ -</u>	<u>\$ 13,240</u>

Depreciation expense was changed to functions as follows:

Governmental Activities:	
Instruction	\$ 22,714
Support Services	23,681
Cocurricular Activities	<u>1,933</u>
	<u>\$ 48,328</u>
Business Type Activities:	
Food Service	<u>\$ 2,604</u>

8. SHORT-TERM DEBT:

Short-term debt activity for the two years ended June 30, 2009 was as follows:

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

8. SHORT-TERM DEBT (continued):

	Balance <u>7/01/07</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>06/30/09</u>
Line of Credit:				
Governmental	\$ 100,570	\$ -	\$ 100,570	\$ -
Business type	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 100,570</u>	<u>\$ -</u>	<u>\$ 100,570</u>	<u>\$ -</u>

The above short term debts were issued for the purpose of cash flow and major repairs.

9. LONG-TERM LIABILITIES:

A summary of changes in long-term liabilities follows:

	<u>6/30/07</u> Balance	<u>Additions</u>	<u>Deletions</u>	<u>6/30/09</u> Balance	<u>Due within</u> <u>One Year</u>
Government Activities:					
Installment Loan	\$ 83,984	\$ -	\$ 54,680	\$ 29,214	\$ 29,214

Debt payable at June 30, 2009 comprised of the following:

Installment Loan:

Loan due to Whetstone Valley Electric Coop,  
due in annual installments of \$33,000,  
including imputed interest of 8%, matures  
2010, paid by the Capital Outlay Fund \$ 29,214

The annual debt service requirements to maturity for all debt outstanding as of June 30, 2009 are as follows:

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

9. LONG-TERM LIABILITIES (continued)

Annual Requirements to Maturity for Long-term Debt  
June 30, 2009

Year Ended <u>June 30</u>	<u>Installment Loan</u> <u>Payable</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2010	<u>\$ 29,214</u>	<u>\$ 3,786</u>	<u>\$ 33,000</u>

10. RESTRICTED NET ASSETS

The following table shows the net assets restricted for other purposes as shown on the Statement of Net Assets:

<u>Fund</u>	<u>Restricted By</u>	<u>Amount</u>
Capital Outlay Fund	Law	\$ 316 418
Special Education Fund	Law	94,637
Pension Fund	Law	113
Food Service Fund	Federal Regulations	<u>13,152</u>
Total Restricted Net Assets:		<u>\$ 424,320</u>

11. RETIREMENT PLAN

All employees, except for classified employees, participate in the South Dakota Retirement System (SDRS), a cost sharing, and multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

11. RETIREMENT PLAN (continued)

vests after threes of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, PO Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Covered employees are required by state statute to contribute the following percentages of their salary to the plan: Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also required the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The District's share of contributions to the SDRS for the fiscal years ended June 30, 2009, 2008, and 2007 were \$49,580, \$48,746, and \$52,216 respectively, equal to the required contributions each year.

12. JOINT VENTURES

The school district participates in the Northeast Educational Services Cooperative, a cooperative service unit (co-op) formed for the purpose of providing special education and other services to the member school districts.

The members of the co-op and their relative percentage of participation in the co-op are the following school districts:

Arlington School District	4%
Britton-Hecla School District	6%
Castlewood School District	3%
Clark School District	5%
DeSmet School District	3%
Deubrook School District	4%
Deuel School District	6%
Elkton School District	4%

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

12. JOINT VENTURES (continued)

Enemy Swim Day School	2%
Estelline School District	3%
Florence School District	3%
Grant-Deuel School District	2%
Hamlin School District	8%
Henry School District	2%
Iroquois School District	2%
Lake Preston School District	3%
Rosholt School District	3%
Sioux Valley School District	7%
Sisseton School District	12%
Summit School District	2%
Waubay School District	2%
Waverly School District	3%
Webster	6%
Willow Lake School District	2%
Wilmot School District	3%
	<u>100%</u>

The co-op's governing board is composed of one representative from each member school district who is a school board member. The board is responsible for adopting the co-op's budget and setting service fees at a level adequate to fund the adopted budget.

The school district retains no equity in the net assets of the co-op, but does have a responsibility to fund deficits of the co-op in proportion to the relative participation described above.

Separate financial statements for this joint venture are available from the Northeast Educational Services Cooperative, Hayti, South Dakota.

As of June 30, 2009, this joint venture had a total net asset of \$1,259,152 and no long-term debt.

The School District also participated in the Lake Area Multi-District Vocational Center, a cooperative service unit (coop) formed for the purpose of providing vocational training services to the member School Districts.

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

12. JOINT VENTURES (continued)

The members of the center and their relative percentage participation in the center are as follows:

Castlewood School District	5.39%
Florence School District	2.72%
Grant-Deuel School District	4.41%
Hamlin School District	11.35%
Henry School District	2.91%
South Shore School District	1.92%
Watertown School District	68.62%
Waverly School District	<u>2.68%</u>
	<u>100.00%</u>

The center's governing board is composed of 1 or 2 representatives from each School District, who are appointed by their respective school boards. The board is responsible for adopting the multi-district's budget and setting service fees at a level adequate to fund the adopted budget.

The School District has no equity in the net assets of the center, but does have a responsibility to fund deficits of the center in proportion to the relative participation described above.

Separate financial statements for this joint venture are available from the coop in Watertown, SD.

At June 30, 2009, this joint venture had a total fund equity of \$584,858 and no long-term debt.

13. RISK MANAGEMENT

The school district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2009, the school district managed its risks as follows:

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

13. RISK MANAGEMENT (continued)

Employee Health Insurance:

The school district purchases health insurance for its employees from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Liability Insurance:

The school district purchases liability insurance for risks related to torts; theft of or damage to property; and errors and omission of public officials from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Workmen's Compensation Insurance:

The school district participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool which provided workers' compensation insurance coverage for participating members of the pool. The objective of the Fund is to formulate, develop, and administer on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The School District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The School District pays an annual premium, to provide worker's compensation coverage for its employees, under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. The school district may also be responsible for additional assessments in the event the pool is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the pool of all participants for the year in which the shortfall occurs. The pool provides loss

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

13. RISK MANAGEMENT (continued)

coverage to all participants through pool retained risk retention and through insurance coverage purchased by the pool in excess of the retained risk. The pool pays the first \$500,000 of any claim per individual. The pool has reinsurance which covers up to \$1,000,000 per individual per incident.

The School District does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Unemployment Benefits:

The School has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

The School has no restricted equity in the General Fund for the payment of future unemployment benefits.

During the two years ended June 30, 2009, three claims were paid for unemployment benefits. At June 30, 2009, no claims had been filed and were outstanding. It is not anticipated that any additional claims for unemployment benefits will be filed in the next fiscal year.

	Fiscal Year <u>2008</u>	Fiscal Year <u>2009</u>
Claims payable, beginning of year	\$ -	\$ -
Claims incurred	-	8,721
Claims paid	<u>-</u>	<u>(8,721)</u>
Claims payable, end of year	<u>\$ -</u>	<u>\$ -</u>

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

14. INTERFUND TRANSFERS AND LOANS

Transfers:	Fiscal Year <u>2009</u>	Fiscal Year <u>2008</u>
From General Fund to Food Service Fund to subsidize operations	\$ 22,700	\$ 7,000
From General Fund to Special Education Fund to subsidize its operations	<u>-</u>	<u>4,000</u>
Total	<u>\$ 22,700</u>	<u>\$ 11,000</u>
Loans:		

During Fiscal 2006, the General Fund loaned the Food Service Fund \$2,800 to help it cash flow its operations. The loan was repaid in Fiscal Year 2008.

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-**  
**GENERAL FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual
	Original	Final	
Revenues:			
Revenues from Local Sources:			
Taxes:			
Ad valorem taxes	\$514,600	\$514,600	\$513,417
Prior year's ad valorem taxes	5,000	5,000	3,523
Gross receipts taxes	45,000	45,000	49,967
Penalties and interest	0	0	1,716
Tuition and Fees:			
Regular tuition	98,400	98,400	99,034
Summer fees	2,000	2,000	1,995
Earnings on deposits:			
Interest earned	2,000	2,000	2,118
Cocurricular activities:			
Admissions	14,000	14,000	13,973
Other	0	0	453
Other revenues from local sources:			
Medicaid fees	10,000	10,000	18,001
Other	2,000	2,000	27,805
Revenues from Intermediate Sources:			
County Sources:			
County apportionment	13,000	13,000	14,766
Other	88,000	88,000	0
Revenues from State Sources:			
Grants-in-aid:			
Unrestricted grants-in-aid	598,000	598,000	543,771
Restricted grants-in-aid	0	0	5,084
Revenues from Federal Sources:			
Grants-in-aid:			
Restricted grants-in-aid received from federal government through state	58,000	58,000	135,382
Total Revenue	<u>\$1,450,000</u>	<u>\$1,450,000</u>	<u>\$1,431,005</u>

The accompanying notes to required supplemental information are an integral part of this schedule.

Variance  
with Final  
Budget

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(\$1,183)

(1,477)

4,967

1,716

634

(5)

118

(27)

453

8,001

25,805

1,766

(88,000)

(54,229)

5,084

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77,382

(\$18,995)

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**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-**  
**GENERAL FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual
	Original	Final	
Expenditures:			
Instruction:			
Regular Programs:			
Elementary	\$100,800	\$421,830	\$302,545
High school	250,000	250,000	214,726
Other	53,000	53,000	48,654
Special Programs:			
Educationally deprived	29,000	33,500	33,482
Support Services:			
Pupils-			
Guidance	47,000	47,000	41,034
Health service	0	437	391
Instructional staff-			
Improvement of instruction	11,000	11,000	5,275
Educational media	61,000	61,230	59,360
General administration-			
Board of education	22,000	22,000	18,049
Executive administration	98,950	118,826	117,868
School administration-			
Office of principal	0	1,000	577
Business-			
Fiscal services	55,000	55,000	53,639
Operation and maintenance of plant	178,000	184,430	184,427
Pupil transportation	157,000	157,000	135,810
Cocurricular activities:			
Male activities	26,000	26,000	18,519
Female activities	23,000	23,000	16,385
Combined activities	35,500	36,000	23,338
Contingencies	15,000	15,000	0
Amount transferred	0	(15,000)	0
<b>Total Expenditures</b>	<b>\$1,162,250</b>	<b>\$1,501,253</b>	<b>\$1,274,079</b>

The accompanying notes to required supplemental information are an integral part of this schedule.

Variance  
with Final  
Budget

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\$119,285

35,274

4,346

18

5,966

46

5,725

1,870

3,951

958

423

1,361

3

21,190

7,481

6,615

12,662

15,000

(15,000)

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\$227,174

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**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-**  
**GENERAL FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual
	Original	Final	
Excess of revenues over (under) expenditures	\$287,750	(\$51,253)	\$156,926
Other Financing Sources:			
Transfers-in	0	0	0
Transfers-out	(2,000)	(18,700)	(22,700)
Net change in fund balances	285,750	(69,953)	134,226
FUND BALANCE, JULY 1, 2008	196,800	196,800	196,800
FUND BALANCE, JUNE 30, 2009	\$482,550	\$126,847	\$331,026

The accompanying notes to required supplemental information are an integral part of this schedule.

Variance  
with Final  
Budget

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\$208,179

0

(4,000)

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204,179

0

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\$204,179

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-**  
**CAPITAL OUTLAY FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual
	Original	Final	
Revenues:			
Revenues from Local Sources:			
Taxes:			
Ad valorem taxes	\$303,769	\$303,769	\$332,440
Prior year's ad valorem taxes	0	0	2,049
Penalties and interest	0	0	831
Other Local Revenue:			
Other	0	0	22
Revenue from Intermediate Sources:			
Other	0	0	0
<b>Total Revenue</b>	<b>303,769</b>	<b>303,769</b>	<b>335,342</b>
Expenditures:			
Instruction:			
Regular Programs:			
Elementary	28,469	28,469	28,465
High school	54,500	54,500	54,485
Support Services:			
Instructional staff-			
Educational media	6,000	6,000	4,668
Business-			
Fiscal services	3,720	3,720	3,713
Operation and maintenance			
of plant	106,280	106,280	26,840
Pupil transportation	35,000	35,000	23,632
Cocurricular Activities:	36,000	36,000	33,000
Male	9,000	9,000	2,525
Female	9,000	9,000	0
Combined	19,000	19,000	15,842
<b>Total Expenditures</b>	<b>\$306,969</b>	<b>\$306,969</b>	<b>\$193,170</b>

The accompanying notes to required supplemental information are an integral part of this schedule.

Variance  
with Final  
Budget

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\$28,671

2,049

831

22

0

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31,573

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4

15

1,332

7

79,440

11,368

3,000

6,475

9,000

3,158

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\$113,799

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**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-**  
**CAPITAL OUTLAY FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual
	Original	Final	
Excess of Revenues over(under)			
Expenditures	(\$3,200)	(\$3,200)	\$142,172
FUND BALANCE, JULY 1, 2008	173,120	173,120	173,120
FUND BALANCE, JUNE 30, 2009	\$169,920	\$169,920	\$315,292

The accompanying notes to required supplemental information are an integral part of this schedule.

Variance  
with Final  
Budget

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\$145,372

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0

\$145,372

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-**  
**SPECIAL EDUCATION FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual
	Original	Final	
Revenues:			
Revenues from Local Sources:			
Taxes:			
Ad valorem taxes	\$117,000	\$117,000	\$150,387
Prior year's ad valorem taxes	0	0	5,482
Penalties and interest	0	0	526
Tuition and Fees:			
Regular tuition	19,600	19,600	42,638
Other local sources			
Medicaid fees	2,000	2,000	5,573
Other	0	0	3,180
Revenues from State Sources:			
Grants-in-aid:			
Restricted grants-in-aid	175,800	175,800	121,889
Revenues from Federal Sources:			
Grants-in-aid:			
Restricted grants-in-aid received from federal government through state	45,600	45,600	45,583
Total Revenue	<u>360,000</u>	<u>360,000</u>	<u>375,258</u>
Expenditures:			
Instruction:			
Special Programs:			
Programs for special education	144,800	144,800	91,521
Support Services:			
Pupils-			
Guidance	1,000	1,000	752
Psychological	15,000	15,000	14,297
Speech pathology	32,200	32,200	32,186
Student therapy	24,700	24,700	24,079

The accompanying notes to required supplemental information are an integral part of this schedule.

Variance  
with Final  
Budget

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\$33,387

5,482

526

23,038

3,573

3,180

(53,911)

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(17)

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15,258

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53,279

248

703

14

621

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-**  
**SPECIAL EDUCATION FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual
	Original	Final	
Special Education:			
Administration	\$0	\$146,500	\$121,556
Total Expenditures	<u>364,200</u>	<u>364,200</u>	<u>284,391</u>
Excess of revenues over (under) expenditures	(4,200)	(4,200)	90,867
Other Financing Uses:			
Transfers-out	<u>(4,000)</u>	<u>(4,000)</u>	<u>0</u>
Net change in fund balance	(8,200)	(8,200)	90,867
FUND BALANCE, JULY 1, 2008	<u>3,388</u>	<u>3,388</u>	<u>3,388</u>
FUND BALANCE, JUNE 30, 2009	<u><u>(\$4,812)</u></u>	<u><u>(\$4,812)</u></u>	<u><u>\$94,255</u></u>

The accompanying notes to required supplemental information are an integral part of this schedule.

Variance  
with Final  
Budget

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\$24,944

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79,809

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\$86,667

4,000

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99,067

0

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\$99,067

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**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-**  
**PENSION FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual
	Original	Final	
Revenues:			
Revenues from Local Sources:			
Taxes	\$30,377	\$30,377	\$33,455
Ad valorem taxes			
Prior year's ad valorem taxes	0	0	204
Penalties and interest	0	0	84
Other	0	0	2
Total Revenue	<u>30,377</u>	<u>30,377</u>	<u>33,745</u>
Expenditures:			
Instruction:			
Regular Programs-			
Elementary	21,368	21,368	21,368
High school	10,000	10,000	10,000
Other	2,000	2,000	2,000
Support Services:			
Guidance	377	377	377
Total Expenditures	<u>33,745</u>	<u>33,745</u>	<u>33,745</u>
Net change in fund balance	(3,368)	(3,368)	0
FUND BALANCE, JULY 1, 2008	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE, JUNE 30, 2009	<u><u>(\$3,368)</u></u>	<u><u>(\$3,368)</u></u>	<u><u>\$0</u></u>

The accompanying notes to required supplemental information are an integral part of this schedule.

Variance  
with Final  
Budget

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\$3,078

204

84

2

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3,368

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0

0

0

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0

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0

3,368

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0

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\$3,368

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-**  
**GENERAL FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual
	Original	Final	
Revenues:			
Revenues from Local Sources:			
Taxes:			
Ad valorem taxes	\$471,200	\$471,200	\$451,716
Prior year's ad valorem taxes	5,000	5,000	4,268
Gross receipts taxes	40,000	40,000	47,972
Penalties and interest	0	0	1,601
Tuition and Fees:			
Regular tuition	82,000	82,000	103,772
Summer fees	2,000	2,000	4,902
Earnings on deposits:			
Interest earned	4,800	4,800	3,710
Cocurricular activities:			
Admissions	14,000	14,000	16,211
Other revenues from local sources:			
Other	10,000	10,000	28,652
Revenues from Intermediate Sources:			
County Sources:			
County apportionment	12,000	12,000	14,720
Other	0	0	343
Revenues from State Sources:			
Grants-in-aid:			
Unrestricted grants-in-aid	649,200	649,200	657,512
Revenues from Federal Sources:			
Grants-in-aid:			
Restricted grants-in-aid received from federal government through state	45,000	45,000	57,483
<b>Total Revenue</b>	<b>\$1,335,200</b>	<b>\$1,335,200</b>	<b>\$1,392,862</b>

The accompanying notes to required supplemental information are an integral part of this schedule.

Variance  
with Final  
Budget

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(\$19,484)

(732)

7,972

1,601

21,772

2,902

(1,090)

2,211

18,652

2,720

343

8,312

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12,483

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\$57,662

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**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-**  
**GENERAL FUND - BUDGETARY BASIS**  
**A1229 FOR THE YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual
	Original	Final	
Expenditures:			
Instruction:			
Regular Programs:			
Elementary	\$333,900	\$333,900	\$306,985
High school	260,900	260,900	238,106
Other	40,080	47,080	38,830
Special Programs:			
Educationally deprived	18,550	31,247	31,246
Support Services:			
Pupils-			
Guidance	43,700	43,700	41,483
Health service	1,500	1,500	520
Instructional staff-			
Improvement of instruction	11,030	14,030	12,268
Educational media	18,200	18,317	14,627
General administration-			
Board of education	26,500	35,500	30,462
Executive administration	104,200	113,478	113,403
School administration-			
Office of principal	700	6,411	6,304
Business-			
Fiscal services	52,000	52,000	46,566
Operation and maintenance of plant	217,950	217,950	210,963
Pupil transportation	129,000	138,569	138,569
Cocurricular activities:			
Male activities	20,000	21,933	20,583
Female activities	21,400	21,400	16,785
Combined activities	35,590	35,590	32,850
Contingencies	10,000	10,000	0
Amount transferred	0	(10,000)	0
 Total Expenditures	 <u>\$1,345,200</u>	 <u>\$1,393,505</u>	 <u>\$1,300,550</u>

The accompanying notes to required supplemental information are an integral part of this schedule.

Variance  
with Final  
Budget

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\$26,915

22,794

8,250

1

2,217

980

1,762

3,690

5,038

75

107

5,434

6,987

0

1,350

4,615

2,740

10,000

(10,000)

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\$92,955

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**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-**  
**GENERAL FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual
	Original	Final	
Excess of revenues over (under) expenditures	(\$10,000)	(\$58,305)	\$92,312
Other Financing Sources:			
Transfers-out	0	(11,000)	(11,000)
Net Change in Fund Balances	(10,000)	(69,305)	81,312
FUND BALANCE, JULY 1, 2007	115,488	115,488	115,488
FUND BALANCE, JUNE 30, 2008	\$105,488	\$46,183	\$196,800

The accompanying notes to required supplemental information are an integral part of this schedule.

Variance  
with Final  
Budget

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\$150,617

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0

150,617

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0

\$150,617

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-**  
**CAPITAL OUTLAY FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual
	Original	Final	
Revenues:			
Revenues from Local Sources:			
Taxes:			
Ad valorem taxes	\$295,301	\$295,301	\$297,614
Prior year's ad valorem taxes	0	0	2,632
Penalties and interest	0	0	1,065
Other	0	0	78
<b>Total Revenue</b>	<b>295,301</b>	<b>295,301</b>	<b>301,389</b>
Expenditures:			
Instruction:			
Regular Programs:			
Elementary	22,500	22,500	11,845
High school	29,471	29,471	29,471
Support Services:			
Instructional staff-			
Educational media	6,000	6,000	3,400
Business-			
Fiscal services	9,000	9,000	5,404
Operation and maintenance of plant	58,101	58,101	43,609
Pupil transportation	24,000	24,000	23,904
Debt Service	137,000	137,000	40,135
Cocurricular activities			
Male activities	4,000	4,000	1,002
Combined activities	17,000	17,000	15,018
<b>Total Expenditures</b>	<b>\$307,072</b>	<b>\$307,072</b>	<b>\$173,788</b>

The accompanying notes to required supplemental information are an integral part of this schedule.

Variance  
with Final  
Budget

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\$2,313

2,632

1,065

78

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6,088

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10,655

0

2,600

3,596

14,492

96

96,865

2,998

1,982

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\$133,284

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**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-**  
**CAPITAL OUTLAY FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual
	Original	Final	
Excess of Revenues over (under) Expenditures	(\$11,771)	(\$11,771)	\$127,601
FUND BALANCE, JULY 1, 2007	45,519	45,519	45,519
FUND BALANCE, JUNE 30, 2008	\$33,748	\$33,748	\$173,120

The accompanying notes to required supplemental information are an integral part of this schedule.

Variance  
with Final  
Budget

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\$139,372

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0

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\$139,372

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-**  
**SPECIAL EDUCATION FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual
	Original	Final	
Revenues:			
Revenues from Local Sources:			
Taxes:			
Ad valorem taxes	\$137,807	\$137,807	\$138,890
Prior year's ad valorem taxes	0	0	1,228
Penalties and interest	0	0	497
Tuition and Fees:			
Regular tuition	27,000	27,000	24,199
Other	39,293	39,293	1,589
Revenues from Intermediate Sources:			
County	0	0	36
Revenues from State Sources:			
Grants-in-aid:			
Restricted grants-in-aid	74,900	74,900	31,757
Revenues from Federal Sources:			
Grants-in-aid:			
Restricted grants-in-aid received from federal government through state	46,900	46,900	55,185
<b>Total Revenue</b>	<b>325,900</b>	<b>325,900</b>	<b>253,381</b>
Expenditures:			
Instruction:			
Special Programs:			
Programs for special education	125,351	125,351	113,687
Support Services:			
Pupils-			
Guidance	4,000	4,000	931
Psychological	15,000	15,000	14,966
Speech pathology	33,208	33,208	33,208
Student therapy	15,300	15,300	15,253

The accompanying notes to required supplemental information are an integral part of this schedule.

Variance  
with Final  
Budget

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\$1,083

1,228

497

(2,801)

(37,704)

36

(43,143)

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8,285

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(72,519)

11,664

3,069

34

0

47

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-**  
**SPECIAL EDUCATION FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual
	Original	Final	
Special Education:			
Administration	\$0	\$162,200	\$146,414
Total Expenditures	355,059	355,059	324,459
Excess of revenues over (under) expenditures	(29,159)	(29,159)	(71,078)
Other Financing Uses:			
Transfers-in	0	0	4,000
Net Change in Fund Balance	(29,159)	(29,159)	(67,078)
FUND BALANCE, JULY 1, 2007	70,466	70,466	70,466
FUND BALANCE, JUNE 30, 2008	\$41,307	\$41,307	\$3,388

The accompanying notes to required supplemental information are an integral part of this schedule.

Variance  
with Final  
Budget

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\$15,786

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30,600

(41,919)

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4,000

(37,919)

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0

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(\$37,919)

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**REQUIRED SUPPLEMENTAL INFORMATION BUDGETARY COMPARISON SCHEDULE-**  
**PENSION FUND - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual
	Original	Final	
Revenues:			
Revenues from Local Sources:			
Taxes:			
Ad valorem taxes	\$29,530	\$29,530	\$29,154
Prior year's ad valorem taxes	0	0	263
Penalties and interest	0	0	105
Other local sources	0	0	8
Total Revenue	29,530	29,530	29,530
Expenditures:			
Instruction:			
Regular Programs-			
Elementary	15,535	15,535	15,535
High school	11,595	11,595	11,595
Other	2,000	2,000	2,000
Support Services			
Pupils			
Guidance	400	400	400
Total Expenditures	29,530	29,530	29,530
Excess of revenues over (under) expenditures	0	0	0
Net Change in Fund Balances	0	0	0
FUND BALANCE, JULY 1, 2007	0	0	0
FUND BALANCE, JUNE 30, 2008	\$0	\$0	\$0

The accompanying notes to required supplemental information are an integral part of this schedule.

Variance  
with Final  
Budget

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(\$376)

263

105

8

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0

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0

0

0

0

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0

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0

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0

0

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\$0

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**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2009**

1. Budgets and Budgetary Accounting:

The school district followed these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the first regular board meeting in May of each year the school board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
2. The proposed budget is considered by the school board at the first regular meeting held in the month of May of each year.
3. The proposed budget is published for public review no later than July 15 each year.
4. Public hearings are held to solicit taxpayers input prior to the approval of the budget.
5. Before October 1 of each year, the school board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.
6. After adoption by the school board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in numbers 8.
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total school district and may transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year.

**GRANT-DEUEL SCHOOL DISTRICT NO. 25-3**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2009**

8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board. No encumbrances were outstanding at year-end.
10. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds.
11. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**GRANT-DEUEL SCHOOL DISTRICT No. 25-3**  
**SCHEDULE OF CURRENT AUDIT FINDINGS**  
**JUNE 30, 2009**

FINDING NUMBER 2009-01

A significant deficiency and material weakness is present due to a lack of segregation of duties in revenue, expenditure and payroll functions.

CRITERIA: To obtain adequate internal control, the duties of collecting and handling of cash must be segregated from the recording of cash transactions. The duties of preparing, mailing or otherwise distributing checks should be segregated from the recording process. Various other accounting functions should be performed by different people to insure a proper segregation of duties.

POSSIBLE ASSERTED EFFECT: Inaccurate financial statements and/or misappropriation of funds could result from a lack of segregation of duties.

RECOMMENDATION: Management should remain aware of this situation and attempt to provide compensating controls wherever and whenever possible and practical.

MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN: Management agrees with this comment. We have determined it is not cost beneficial to employ additional personnel just to be able to segregate duties. We are aware of this problem and will provide compensating controls wherever possible and practical.

**GRANT-DEUEL SCHOOL DISTRICT No. 25-3**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**JUNE 30, 2009**

FINDING NO. 2005-01 and 2007-01

A material weakness was reported due to a lack of segregation of duties. This condition was first reported by this auditor in 1992.

Status as of June 30, 2009:

The condition noted in prior audits is still applicable.